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Speeches and Major Policy Releases

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Speeches

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Remarks prepared for delivery by Secretary of Agriculture Bob Bergland before the Conservation Foundation Conference, Washington, D.C., July 14, 1980 [12],

I was told by your president, Bill Reilly, that I got this invitation because he and some of his colleagues were impressed by some remarks I made about soil conservation a year ago.

Today I will leave that subject to the real experts. I'm going to talk about something quite different -- something that has more to do with why we have to make the most of our agricultural resources than with how we are going to do it.

Six months ago, as one response to the Soviet Union's brutal invasion of Afghanistan, President Carter ordered a partial suspension of U.S. grain exports to the Soviet Union.

He took that action in order to steer a middle course between two unacceptably extreme options. The unacceptable options were to ignore the Russian invasion and continue to do business as usual with them, or to order military intervention and risk all-out war.

But the suspension option wouldn't have been open to the President without a record 1979 U.S. grain crop to back it up. That crop was produced by hard working American farmers, with the help of good weather and the natural resources this country has been blessed with.

Year after year, American farmers have been sending huge grain crops to market, and every year, large amounts of that grain and other produce have been sold overseas.

This year, we expect to export at least \$38 billion worth of agricultural products which, after we pay for the food we import, should add almost \$20 billion to the nation's trade account.

That \$20 billion will put a dent in the \$90 billion oil import bill we expect to accumulate by the end of this year, and it will buy us some time to reduce our dependence on that costly oil -- a dependence that has shoved farmers' production costs upward and eaten into producers' net income.

Clearly, agricultural exports have become an integral part of our economic system. With the Soviet suspension, we also have an example of how they might serve as a strategic element in defending our foreign policy and national security interests.

But two factors will determine whether or not we can continue to count on exports as a strategic resource in the economic and political spheres. Those factors are availability and workability.

If American farmers can continue to produce more and more food, they will have more than enough places to sell it in the future. Some observers believe that U.S. exports could hit \$100 billion by the end of the decade.

But that bullish future is conditional.

Total U.S. farm production has been rising by only 1 to 2 percent each year. At times, the rate of consumption has outstripped the gains in production.

And there is very little room for a bad season. If U.S. crop production were to drop by as little as 10 percent, our grain reserves would disappear.

At the very time when we have come to depend on agriculture to bolster our economy, the nature of agriculture has changed. The era of chronic overproduction, surplus disposal problems and a seemingly infinite supply of resources is over. We have moved into a new era--one in which food supplies are tighter, more food is being consumed, and the resources which produce that food are becoming depleted.

Writing for the current issue of *Atlantic*, Dan Morgan describes this era--and what might follow:

"...the resources required to produce grain in modern agriculture are decidedly not renewable. When they run out, grain production will be unimaginably more difficult. Agriculture requires oil and natural gas to run diesel tractors, to power irrigation pumps, to dry grain, and to produce chemical fertilizers, herbicides. These fuels are finite, and are getting much more expensive. The underground water that irrigates crops in the western wheat belt in Colorado, Kansas and Nebraska will not last forever...food is produced on agricultural land that is shrinking as cities, highways, airports, and rights-of-way for pipelines and transmissions claim more and more of it."

Morgan concludes this description by saying, "Some gloomy predictions have American food exports ending by the year 2000 as a result of environmental, energy and economic constraints."

Prospects like these call for no less than a total change in the way we think about agriculture. That is why conferences like this one are important. We need to tap the widest possible range of opinions if we are to fashion the kind of agriculture that will meet our future needs.

That is also why I called last year for a full-scale study of the structure of our agricultural system. I invited the entire public spectrum--universities, private researchers, farm organizations, state and local governments, church and other groups--to join USDA in acknowledging the changes in agriculture, in formulating new concepts and perhaps blazing new policy trails.

But that is only the beginning.

If we can adjust our agriculture to new realities; if we can figure out how to produce more food with fewer resources--what then?

Here we get into the problem of workability. Can the productive efforts of American farmers be fashioned into a workable, effective policy tool? And should they be?

My answer to both questions is yes--with some qualifications.

Food export bans, for instance, should not be invoked when the objective is simply to husband supplies and bring down domestic food prices. That is what happened in 1973, when the government decided to halt soybean sales to Japan. Domestic prices did come down--but American soybean farmers paid the price. They saw a lot of their Japanese market go to the Brazilians, who had come to Japan's rescue after the loss of American supplies.

Nor should food be used as an instrument of policy if it means that people will go hungry. This country is committed to doing all it can to feed the hungry--on its own and together with other nations--and that commitment is sacred.

But in certain cases food can be used as an instrument to protect or support our foreign policy interest.

Such was the case when the Soviet Union invaded Afghanistan, and President Carter responded by imposing economic sanctions, including the restrictions on grain exports.

The suspension was invoked to aggravate an already tight feed and forage situation in the Soviet Union, to publicly exploit the failures of the Soviet agricultural system, and to frustrate the efforts of the Soviet government to upgrade the diets of their citizens. The goal was to generate enough internal unrest to persuade the Kremlin to pull its troops out of Afghanistan and turn its attention to the Russian people's demand for a higher standard of living.

Is that strategy working? My answer is an unqualified yes.

Recent news reports indicate what U.S. intelligence was determining weeks ago. The Soviets are hurting. A recent story in the *Los Angeles Times* reported that unprecedented labor unrest is being incited by unusual shortages of food.

Said the *Times*, "There appears no question that Soviet workers are increasingly using various forms of labor protests to underline their dissatisfaction with poor food supplies.

"The Soviet urban population has been growing at an annual rate approaching 3 percent a year...Food production, meanwhile, grew at an annual rate of only about 1 percent during the decade of the 1970's...

"Three poor harvests in the last five years and now the U.S. grain embargo have only exacerbated the situation," the TIMES concluded.

The Moscow bureau chief of *Newsweek* has come to a similar conclusion. In the July 7 edition of the magazine, he wrote, "Food shortages are not a new phenomenon in the Soviet Union, but as the reports of worker protest suggest, the problem this spring has been especially trying. Some have blamed it on government stockpiling to guarantee a bounty of goods for the Moscow Olympics. Others say that the U.S. embargo has cut into the stocks of high-quality feed grains--especially soy and corn--for beef and dairy herds."

In his *Atlantic* article, Dan Morgan quotes a dispatch from the *Washington Post's* Kevin Klose. "Never in the past decade has the prospect of widespread shortages of fresh meat and dairy products so darkened the horizon for Soviet consumers this spring, when the American grain embargo looms in the minds of millions."

Morgan adds, "It appeared that the Russians would manage to scrape up additional grain from other sources--but certainly not enough to make up the deficit."

The success of the suspension demonstrates that food can be used to effectively defend our national security interests. But the food supplies have to be there.

The projected growth in food demand demonstrates that agricultural exports can be an even brighter spot in our economy than they are now. But, again, the supplies have to be there.

We cannot take those supplies for granted.

The future could find us stymied in our efforts to produce the food we need. Crop yields aren't increasing as fast as they once did. We're losing much of our prime farm land to other uses. Soil and water resources are declining at an alarming rate. And the costs of producing grain and other crops are pricing too many farmers out of the business.

We need to start thinking--now--about how those obstacles can be removed. This conference is a good start.

Food supplies increase our options. They buy us time. They give us room to maneuver. Without them, we will be in a tight squeeze in more ways than one.

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Press Releases

U.S. Department of Agriculture • Office of Governmental and Public Affairs

NEW AGREEMENT OATS CALLED FROM GRAIN RESERVE

WASHINGTON, July 15--An official of the U.S. Department of Agriculture today said oats in the new farmer-owned reserve are being called.

Donald Gillis, acting administrator of USDA's Agricultural Stabilization and Conservation Service, said oats are being called because prices at Chicago and Minneapolis--as adjusted to reflect farm-level prices--have been at or above the \$1.57 call level for five consecutive days.

Old grain reserve agreements for oats were called May 23.

Gillis said calling loans on oats in the reserve means farmers have 90 days from the date of notification of the call to repay their Commodity Credit Corporation reserve loans.

Under the grain reserve program, farmers own the commodities and are not required to sell their grain. If they do not repay the loan, however, they must forfeit the grain to the CCC. About 19.1 million bushels of oats (277,628 metric tons) are in the new grain reserve program.

County offices of the Agricultural Stabilization and Conservation Service will officially notify producers their grain has been called and the date by which the loan must be redeemed.

Under the farmer-owned grain reserve program, established by Congress in the Food and Agriculture Act of 1977 and designed to stabilize marketing, farmers are eligible to place wheat and feed grains into a reserve during periods of low prices. In return, farmers receive CCC price support loans on the grain in reserve as well as annual storage payments. If prices rise to the "release" level, farmers can repay the loan and market the crop without incurring a penalty.

The call level for feed grains under the new reserve program is 145 percent of the national average loan rate. The 1979 loan level for oats is \$1.08 per bushel. Data used by CCC in determining the call level includes a daily report by the Agricultural Marketing Service which shows prices at selected markets. The markets reviewed by CCC for oats are Chicago and Minneapolis.

Press Releases

U.S. Department of Agriculture • Office of Governmental and Public Affairs

245 EXOTIC NEWCASTLE DISEASE AGAIN FOUND IN CALIFORNIA []

WASHINGTON, July 17--Exotic Newcastle disease--a highly contagious virus that affects all species of birds--has been diagnosed in a southern California parrot, an official of the U.S. Department of Agriculture said today.

An Amazon parrot, purchased by Mrs. C. Guenthner at a Los Angeles flea market June 28 died two days later, according to Jim Smith, assistant regional director of the USDA's Animal and Plant Health Inspection Service. The bird was taken to the San Gabriel Laboratory, which diagnosed the cause of death as exotic Newcastle disease July 14.

Federal and state veterinarians are following up calls of other sick or dead parrots in Bonita, Lakewood, Santa Barbara, San Francisco and San Diego. The affected parrots are either double-yellow heads or "Lady Clairols"--common parrots dyed to look like the more valuable yellow-headed Amazon, Smith said.

Exotic Newcastle disease is a serious threat to the U.S. poultry industry, Smith said. Young birds are highly susceptible and mortality rates may reach 100 percent.

The disease is not usually a human health hazard--it is harmless to those who eat eggs or poultry meat. However, People who handle infected birds have developed mild eye infections which should be treated by a physician.